

Message Text

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ACTION EB-04

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FM AMEMBASSY BONN

TO SECSTATE WASHDC 4004

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

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USMISSION EC BRUSSELS

USMISSION OECD PARIS

C O N F I D E N T I A L BONN 17853

LIMDIS GREENBACK

DEPARTMENT PASS TREASURY AND FEDERAL RESERVE

E.O. 11652: GDS

TAGS: EFIN, GW

SUBJECT: GERMAN POSITIONS ON INTERNATIONAL MONETARY
REFORM

1. IN AN INFORMAL REVIEW OF OUTSTANDING INTERNATIONAL
MONETARY REFORM ISSUES, FINANCE MINISTRY ASSISTANT
SECRETARY WEBER TOLD US THAT AT THIS WEEKS EC MONETARY
COMMITTEE MEETING, ITALIANS RAN INTO A BRICK WALL IN
ATTEMPT TO GAIN ANY SUPPORT FROM THEIR EC PARTNERS FOR
IMF GOLD SUBSTITUTION ACCOUNT. FOR DIVERGENT REASONS
ALL OTHER EC COUNTRIES STRONGLY OPPOSE SUCH AN ACCOUNT.

2. WEBER ALSO SAID THAT GERMANS ARE BECOMING
DISILLUSIONED WITH PROSPECTS FOR TRUST FUND, BOTH BECAUSE
IT INCREASINGLY LOOKS AS IF FUND, IF IT WILL COME INTO
BEING AT ALL, WILL BE INTEGRAL PART OF IMF SUBJECT TO
BALANCE OF PAYMENT CRITERIA RATHER THAN COMMODITY
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STABILIZATION AIMS, ETC. AS ORIGINALLY FAVORED BY

GERMANS AND ALSO BECAUSE PROSPECTS FOR IMF GOLD SALES TO PROVIDE RESOURCES FOR THE TRUST FUND LOOK INCREASINGLY DIMMER.

3. WEBER CONFIRMED THAT GERMANS ARE SUPPORTING FRENCH IN INSISTENCE THAT ALL PARTS OF GOLD PACKAGE COME INTO ACTUAL OPERATION AT THE SAME TIME. WEBER SAID THAT WITTEVEEN OW IS SAYING THAT CENTRAL BANK GOLD DEALINGS ABOVE OFFICIAL PRICE WOULD CONSTITUTE NO LEGAL PROBLEM FOR IMF IF BIS IS USED AS INTERMEDIARY. BUT WEBER FELT THAT EVEN IF THIS PROBLEM SOLVED, GENERAL DESIRE NOT TO DEPRESS FREE MARKET PRICE OF GOLD WOULD MAKE SIGNIFICANT FREE MARKET SALES EVEN THROUGH THE BIS UNLIKELY. THIS LEFT ONLY POSSIBILITY OF SOME LIMITED IMF SALES THROUGH BIS TO CENTRAL BANKS.

4. ON SDR/AID LINK, WEBER SAID THAT CHANCELLOR NOW HAS REVERTED TO ORIGINAL GERMAN POSITION OPPOSING THE LINK.

5. WEBER WAS NOT INFORMED ON GERMAN POSITION ON IFC WHICH HANDLED BY GESKE IN FINANCE MINISTRY, BUT COMMENTED THAT GERMANS ARE INCREASINGLY WARY OF COMMITTING THEMSELVES TO LDC FINANCING PROPOSALS BY US ADMINISTRATION OF WHICH THEY ARE NOT SURE WHETHER US CONGRESS WILL SUBSEQUENTLY PROVIDE FINANCING.

6. WEBER SAID THAT CURRENT PLANS CALL FOR HIMSELF AND TIETMEYER OF ECONOMICS MINISTRY TO ACCOMPANY GERMAN SUMMIT DELEGATION.

7. WEBER CONFIRMED THAT CHANCELLOR SCHMIDT PLANS TO RAISE THE STALLED EXPORT CREDIT GENTLEMEN'S AGREEMENT INFORMALLY DURING THE SUMMIT URGING FRANCE AND THE UNITED STATES TO RESOLVE THEIR DIFFERENCES.
HILLENBRAND

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